protected by the Central Government nor by the Government of Gujarat; Neither Government has spent any amount on its repairs and protection.

Villages as Attraction for foreign tourists

†3223. SHRIMATI SAVITA SHARDA: Will the Minister of TOURISM AND CULTURE be pleased to state:

(a) whether it is a fact that Government are considering to make villages centre of attraction for foreign tourists;

(b) if so, whether Government have taken any steps in this direction and the number of villages of Gujarat which have been included in the same; and

(c) if not, the reasons therefor?

THE MINISTER OF TOURISM AND CULTURE (SHRI JAGMOHAN): (a) Yes, Sir.

(b) Department of Tourism, Government of India has identified Vadnagar for development as a model rural tourism project in the State of Gujarat.

(c) Does not arise.

Problems of Tourists

3224. SHRI P. PRABHAKAR REDDY: Will the Minister of TOURISM AND CULTURE be pleased to state:

(a) whether Government's attention has been drawn to the news item captioned "Tourist pay through their nose to visit India" which appeared in the Economic Times on 18th March, 2002;

(b) if so, what is Government's reaction thereto; and

(c) the steps proposed to be taken to address the problems highlighted in the report in order to boost the flow of tourist in the country?

THE MINISTER OF TOURISM AND CULTURE (SHRI

† Original notice of the question was received in Hindi.

JAGMOHAN): (a) Yes, Sir. The news item referred to in the question talks of the high incidence of tax rates on tourism consumption in India. It also refers to a study by A.F. Ferguson & Company and FICCI, which suggests that lowering the tax rates can lead to increased tourist arrivals and also increase in the total revenue for the Government.

(b) and (c) The Central Government in its Budget proposals for 2002-2003 has announced the following tax concessions relating to tourism:

- Exemption of Air Travel Tax on air travel from and to North East.
- Service tax exemption given earlier to be extended for one more year. In cases of functions and banquets where the entire bill is for catering services, no service tax would be charged.
- Expenditure Tax on hotels henceforth to apply only to room charges.
- Threshold of Rs. 2000 raised to Rs. 3000 for levy of Expenditure Tax.
- Disparities between 80 HHC and 80 HHD of the Income Tax Act removed (Under Section 80 HHC the exemption is for 100% of the total foreign exchange earnings. But for hotels, under section 80 HHD it was 50% and the balance 50% was exempted if it was kept in a reserve and used for specified purposes). Now this disparity stand removed.
- Deduction of 50% of profits earned by units setting up convention centres will be allowed for 5 years under section 80 IB of the Income Tax Act.
- Customs Duty on imported liquor reduced from 210% to 182%.
- TDS Under Section 194 H of the Income Tax Act reduced from 10% to 5%.